

Virginia Department of Mines, Minerals & Energy

Virginia Gas and Oil Board

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Minutes and results of hearing, December 19, 2006

Board members present (Quorum was established): Ms. Barber, Mr. Harris, Mr. Prather, Mr. Ratliff, Ms. Quillen, Mr. Wampler

1. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-148, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-06-1114-1771. Continued from November.

In the AV-148 45.69-acre unit, the operator controls 99.7% of the coal and gas interests, and seeks to pool the remaining 0.3% of the interests. Unleased acreage subject to pooling totals 0.1 net acres in one tract with one unleased owner. There are no conflicting claimants subject to escrow. A permit to drill the unit was issued on 10/18/06. Continued to January.

1. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit FF-56, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-06-1114-1776. Continued from November.

In the FF-56 80-acre unit, the operator controls 63.3% of the coal and gas interests, and seeks to pool the remaining 36.7% of the interests. Unleased acreage subject to pooling totals 32.9 net acres in one tract with one unleased owner. There are no conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Continued to January.

2. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit YYY-36, Rogers 279, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1798. Continued from November.

In the YYY-36 80-acre unit, the applicant controls 52.0% of the coal interests and 52.0% of the gas interests, and seeks to pool the remaining 48.0% of the interests. Unleased coal acreage totals 38.4 net acres in one tract with one unleased owner. Unleased gas acreage totals 38.4 net acres in one tract having one unleased owner. There are no conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Continued to January.

3. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit A-34, Rogers 292, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1800. Continued from November.

In the A-34 80-acre unit, the applicant controls 88.4% of the coal interests and 72.2% of the gas interests, and seeks to pool the remaining 11.6% of the coal interests and 27.8% of the gas interests. Unleased coal acreage totals 27.8 net acres in one tract with one unleased owner. Unleased gas acreage totals 22.3 net acres in four tracts having eight unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Continued to January.

4. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit YYY-35, Rogers 294, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1801. Continued from November.

In the YYY-35 80-acre unit, the applicant controls 36.0% of the coal interests and 27.0% of the gas interests, and seeks to pool the remaining 64.0% of the coal interests and 73.0% of the gas interests. Unleased coal acreage totals 51.2 net acres in one tract with one unleased owner. Unleased gas acreage totals 58.4 net acres in two tracts having eight unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Continued to January.

5. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit YYY-34, Rogers 592, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1811. Continued from November.

In the YYY-34 80-acre unit, the applicant controls 66.4% of the coal interests and 49.8% of the gas interests, and seeks to pool the remaining 33.6% of the coal interests and 50.2% of the gas interests. Unleased coal acreage totals 26.9 net acres in one tract with one unleased owner. Unleased gas acreage totals 40.2 net acres in two tracts having eight unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Continued to January.

6. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit ZZZ-34, Rogers 593, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1114-1812. Continued from November.

In the ZZZ-34 80-acre unit, the applicant controls 39.0% of the coal interests and 29.2% of the gas interests, and seeks to pool the remaining 61.0% of the coal interests and 70.8% of the gas interests. Unleased coal acreage totals 48.8 net acres in one tract with one unleased owner. Unleased gas acreage totals 56.6 net acres in four tracts having eight unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Continued to January.

7. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AV-102, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1828.

In the AV102 51.03-acre unit, the applicant controls 100% of the coal interests and 95.7% of the gas interests, and seeks to pool the remaining 4.3% of the gas interests. Unleased gas acreage totals 2.21 net acres in four tracts having four unleased owners. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 11/16/06. Pooling was approved.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit FF-43, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-06-1219-1829.

In the FF43 89.38-acre unit, the applicant controls 100% of the coal interests and 76.8% of the gas interests, and seeks to pool the remaining 23.2% of the gas interests. Unleased gas acreage totals 20.9 net acres in six tracts having 31 unleased owners. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit M-17, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-0919-1713-01.

In the M17 80-acre unit, the applicant controls 97.8% of the coal interests and 84.9% of the gas interests, and seeks to pool the remaining 2.2% of the coal interests and 15.1% of the gas interests. Unleased coal acreage totals 1.73 net acres in four tracts with nine unleased owners. Unleased gas acreage totals 12.1 net acres in 11 tracts having 20 unleased owners. There are conflicting claimants and unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for modification of the Oakwood I Field Rules to allow drilling of an additional well in units M(-2) to (M-0); N(-3) to N-1; O(-4) to O-0; P(-4) to P-0; Q(-4) to Q-0; R(-4) to R-0; S(-3) to S-0; T(-3) to T-6; U(-3) to U-4; V(-4) to V-4; W(-2) to W-4; X(-2) to X-3; Y(-2) to Y-3; Z(-2) to Z-2; AA(-2) to AA-2, BB(-1) to BB-2, CC-0 to CC-2; DD-1 to DD-2 in the Prater and Hurricane Districts, Buchanan County, Virginia. Docket Number VGOB-93-0216-0325-11.

The Oakwood Field Order currently allows one fraced coalbed methane well in each 80-acre unit, and that well is to be drilled within the drilling window which is 300 feet inside the boundary of the unit. The applicant seeks to modify the order to allow for drilling of more than one frac well in each included unit. The Board has previously approved several similar requests for drilling of multiple wells in each unit in other areas of the Oakwood field. The field rule modification was approved.

11. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-502322, Lipps District, Wise County, Virginia. Docket Number VGOB-06-1219-1830.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 232 feet closer to Equitable gas well V-502351 than the 2500 feet mandated by spacing. The exception is needed to accommodate surface owner, U. S. Forest Service, requirements. An application for permit to drill the unit has been submitted. The location exception was approved.

12. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for a well location exception for proposed well V-536734, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-06-1219-1831.

The applicant seeks an exception in order to drill a conventional well closer to two existing wells than allowed under statewide spacing. The proposed well is to be 299 feet closer to Equitable gas well V-536794, and be 292 feet closer to Equitable gas well V-536101 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. An application for permit to drill the unit has been submitted. The location exception was approved.

13. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537257, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-1219-1832.

In the VC-537257 58.77-acre unit, the operator controls 90.5% of the coal and gas interests, and seeks to pool the remaining 9.5% of the interests. Unleased acreage subject to pooling totals 5.6 net acres in one tract with one unleased owner. There are no conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was

approved.

14. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537256, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-1219-1833.

In the VC-537256 58.77-acre unit, the operator controls 89.9% of the coal and gas interests, and seeks to pool the remaining 10.1% of the interests. Unleased acreage subject to pooling totals 5.9 net acres in one tract with one unleased owner. There are no conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

15. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537101, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-1219-1834.

In the VC-537101 58.77-acre unit, the applicant controls 100% of the coal interests and 86.2% of the gas interests, and seeks to pool the remaining 13.8% of the gas interests. Unleased gas acreage totals 8.1 net acres in one tract having seven unleased owners. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

16. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-537095, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-1219-1835.

In the VC-537095 58.77-acre unit, the applicant controls 100% of the coal interests and 92.4% of the gas interests, and seeks to pool the remaining 7.6% of the gas interests. Unleased gas acreage totals 4.5 net acres in one tract having seven unleased owners. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

17. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-504910, Kenady District, Dickenson County, Virginia. Docket Number VGOB-06-1219-1836.

In the V-504910 112.69-acre conventional gas unit, the applicant controls 95.0% of the oil and gas interests, and seeks to pool the remaining 5.0% of the interests. Unleased acreage subject to pooling totals 5.6 net acres in one tract with one unleased owners. There are unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

18. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for creation and pooling of conventional gas unit V-502722, Lipps District, Wise County, Virginia. Docket Number VGOB-06-1219-1837.

In the V-502722 112.69-acre conventional gas unit, the applicant controls 93.9% of the oil and gas interests, and seeks to

pool the remaining 6.1% of the interests. Unleased acreage subject to pooling totals 6.9 net acres two tracts with two unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 12/4/06. Pooling was approved.

19. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536086, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-1219-1838.

In the VC-536086 58.77-acre unit, the applicant controls 100% of the coal interests and 90.1% of the gas interests, and seeks to pool the remaining 9.9% of the gas interests. Unleased gas acreage totals 5.8 net acres in one tract having one unleased owner. There are conflicting claimants and unknown owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

20. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536433, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-06-1219-1839.

In the VC-536433 58.77-acre unit, the applicant controls 100% of the coal interests and 57.8% of the gas interests, and seeks to pool the remaining 42.2% of the gas interests. Unleased gas acreage totals 24.8 net acres in two tracts having two unleased owners. There are conflicting claimants and unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

21. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for re-pooling of conventional gas unit V-537302, Castlewood District, Russell County, Virginia. Docket Number VGOB-06-0919-1719-01.

In the V-537302 112.69-acre conventional gas unit, the applicant controls 77.5% of the oil and gas interests, and seeks to pool the remaining 22.5% of the interests. Unleased acreage subject to pooling totals 25.4 net acres in two tracts with one unleased owner. There are unlocated owners subject to escrow. The unit was originally pooled in September, 2006 but no order has been issued. An application for permit to drill the unit has been submitted. Pooling was approved.

22. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for creation and pooling of conventional gas unit 826096, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1840.

In the 826096 112.69-acre conventional gas unit, the applicant controls 90.7% of the oil and gas interests, and seeks to pool the remaining 9.3% of the interests. Unleased acreage subject to pooling totals 10.5 net acres in one tract with nine unleased owners. There are no unlocated owners subject to escrow. An application for permit to drill the unit has been submitted. The application was withdrawn.

23. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for pooling of conventional gas unit 825984, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1841.

In the 825984 112.69-acre conventional gas unit, the applicant controls 60.5% of the oil and gas interests, and seeks to pool the remaining 39.5% of the interests. Unleased acreage subject to pooling totals 44.6 net acres in two tracts with nine unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 11/30/06. The application was withdrawn.

24. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for pooling of conventional gas unit 826101, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1842.

In the 826101 112.69-acre conventional gas unit, the applicant controls 89.0% of the oil and gas interests, and seeks to pool the remaining 11.0% of the interests. Unleased acreage subject to pooling totals 12.4 net acres in two tracts with nine unleased owners. There are no unlocated owners subject to escrow. A permit to drill the unit was issued on 12/4/06. The application was withdrawn.

25. The Virginia Gas and Oil Board heard a petition from Chesapeake Appalachia, LLC for re-pooling of conventional gas unit 824610, Knox District, Buchanan County, Virginia. Docket Number VGOB-06-0516-1640-01.

In the 824610 112.69-acre conventional gas unit, the applicant controls 98.4% of the oil and gas interests, and seeks to pool the remaining 1.6% of the interests. Unleased acreage subject to pooling totals 1.8 net acres in two tracts with 16 unleased owners. There are no unlocated owners subject to escrow. The unit was originally pooled in May, 2006 and an order has been entered. A permit to drill the unit was issued on 7/28/06. Pooling was approved.

26. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 401, CBM Unit B-52, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1843.

In the B-52 64.59-acre unit, the applicant controls 32.8% of the coal interests and 24.6% of the gas interests, and seeks to pool the remaining 67.2% of the coal interests and 75.4% of the gas interests. Unleased coal acreage totals 43.4 net acres in three tracts with 10 unleased owner. Unleased gas acreage totals 48.7 net acres in three tracts having eight unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

27. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 201, CBM Unit F-44, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1844.

In the F44 80-acre unit, the applicant controls 66.5% of the coal interests and 58.2% of the gas interests, and seeks to pool the remaining 33.5% of the coal interests and 41.8% of the gas interests. Unleased coal acreage totals 26.8 net acres in two tracts with one unleased owner. Unleased gas acreage totals 33.4 net acres in three tracts having eight unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

28. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 520, CBM Unit E-44, Garden District, Buchanan County, Virginia. Docket Number

VGOB-06-1219-1845.

In the E44 80-acre unit, the applicant controls 48.7% of the coal interests and 42.6% of the gas interests, and seeks to pool the remaining 51.3% of the coal interests and 57.4% of the gas interests. Unleased coal acreage totals 41.1 net acres in three tracts with 12 unleased owners. Unleased gas acreage totals 45.9 net acres in four tracts having 19 unleased owners. There are conflicting claimants and unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

29. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 328, CBM Unit SSS-36, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1846.

In the SSS36 79.24-acre unit, the applicant controls 100% of the coal interests and 75.0% of the gas interests, and seeks to pool the remaining 25.0% of the gas interests. Unleased gas acreage totals 19.8 net acres in two tracts having eight unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved.

30. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 329, CBM Unit SSS-35, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1847.

In the SSS35 80-acre unit, the applicant controls 46.5% of the coal interests and 34.9% of the gas interests, and seeks to pool the remaining 53.4% of the coal interests and 65.1% of the gas interests. Unleased coal acreage totals 42.8 net acres in two tract with three unleased owner. Unleased gas acreage totals 52.1 net acres in five tracts having 10 unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Continued to January.

31. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 331, CBM Unit TTT-36, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1848.

In the TTT36 80-acre unit, the applicant controls 83.4% of the coal interests and 62.5% of the gas interests, and seeks to pool the remaining 16.6% of the coal interests and 37.5% of the gas interests. Unleased coal acreage totals 13.3 net acres in one tract with one unleased owner. Unleased gas acreage totals 30.0 net acres in four tracts having eight unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Continued to January.

32. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 297, CBM Unit A-31, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1849.

In the A31 80-acre unit, the applicant controls 81.0% of the coal interests and 60.8% of the gas interests, and seeks to pool the remaining 19.0% of the coal interests and 39.2% of the gas interests. Unleased coal acreage totals 15.2 net acres in two tract with three unleased owner. Unleased gas acreage totals 31.4 net acres in three tracts having 10 unleased owners. There are conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

33. The Virginia Gas and Oil Board heard a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 432, CBM Unit D-38, Garden District, Buchanan County, Virginia. Docket Number VGOB-06-1219-1850.

In the D38 80-acre unit, the applicant controls 78.4% of the coal and gas interests, and seeks to pool the remaining 21.6% of the interests. Unleased acreage totals 17.3 net acres in five tracts with six unleased owners. There are no conflicting claimants subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

The Virginia Gas and Oil Board asked for public comments regarding Board matters immediately following the final docket item. No comments were heard.

The deadline for filing of petitions to the Board for the January 2007 hearing is 5 p.m., Friday, December 15, 2006 with the hearing scheduled for 9 a.m. on Tuesday, January 16, 2007 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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